

ST 02-0103-GIL 05/01/2002 MANUFACTURER'S PURCHASE CREDIT

Retailers are not responsible for determining whether the manufacturer's or graphic arts producer's MPC that is listed on an MPC certificate has expired or not. See 86 Ill. Adm. Code 130.331. (This is a GIL.)

May 1, 2002

Dear Xxxxx:

This letter is in response to your letter dated March 19, 2002. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120 subsections (b) and (c), which can be found at <http://www.revenue.state.il.us/Laws/regs/part1200/>.

In your letter, you have stated and made inquiry as follows:

"Our company has received a request, from an Illinois customer, which relates to the State of Illinois Manufacturer's Purchase Credit."

"I have reviewed Sec. 3-70. (35 ILCS 110/3-70) and find the following:

*The Manufacturer's Purchase Credit earned by a manufacturer or graphic arts producer **expires the last day of the second calendar year following the calendar year in which the credit arose** (my emphasis)."*

"However, a review of additional information relating to the Manufacturer's Purchase Credit (MPC) does not give an expiration date (or time frame) to which a vendor's (ABC) invoices used in the credit would not be valid. For example, if the ABC' invoices are dated in calendar year 1998 can the purchaser include these within the MPC? Or, would invoices with a 1998 date be past a statute of limitations (e.g., 3 years) since calendar year 2002 is four years from the purchase date?"

"I have returned the initial request to the customer's representative and they are waiting on an answer from me before resubmitting a new claim."

"I would appreciate your assistance and than you in advance to your written reply. Please feel free to telephone me if you need additional information."

**DEPARTMENT'S RESPONSE:**

The request contained in your letter is somewhat confusing, but I believe the information set out below will assist you in answering your questions.

Retailers and servicemen may accept Manufacturer's Purchase Credit (MPC) certificates from manufacturers or graphic arts producers as long as those certificates contain the information set out in subsection (f)(1) of the enclosed copy of 86 Ill. Adm. Code 130.331. Retailers are not responsible for determining whether the manufacturer's or graphic arts producer's MPC that is listed on an MPC certificate has expired or not.

MPC must properly be reported to the Department by the manufacturers or graphic arts producers or the MPC that they is earned if forfeited. See subsections (c), (d), and (e) of Section 130.331. In addition, MPC that is earned by manufacturers or graphic arts producers expires the last day of the second calendar year following the calendar year in which the credit arose. See subsection (b)(7) of Section 130.331.

It is unclear from your letter what you are referring to when you state that the MPC does not give an expiration date to which your company's invoices "used in the credit" would not be valid. We assume that you are referring to your customer's use of MPC to satisfy a Use Tax or Service Use Tax liability on a purchase of production related tangible personal property from your company. See subsection (b) of Section 130.331. In such cases, your company is not responsible for determining if the MPC that is listed on a certificate (or is incorporated into a purchase order) has expired or not.

I hope this information is helpful. The Department of Revenue maintains a website, which can be accessed at [www.revenue.state.il.us](http://www.revenue.state.il.us). If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of Section 1200.110(b) described above.

Very truly yours,

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Associate Counsel

TDC:msk  
Enc.